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(S) NATIONAL RECONNAISSANCE OFFICE
WASHINGTON, D.C.

Adm-13,6

OFFICE OF THE DIRECTOR

February 25, 1972

MEMORANDUM FOR THE DIRECTOR OF CIA RECONNAISSANCE PROGRAMS

SUBJECT: FY 1973 Financial Program, FY 1974 Budget, and FY 1975
thru 1978 Planning

Guidance for the formulation of FY 1973 thru 1978 recommendations
for those NRO accounts involving CIA responsibility is contained in
the attachments hereto.

JOHN L. McLUCAS
Director

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Attachments

Series C

*DISTR: 1- DD/SP
2- COMPT/OSA
3- D/OPS/OSA
4- D/M/OSA
5- RB/OSA
6- BYFD/OSA*

NRO review(s)
completed.

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GENERAL: (CIA)

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A. This correspondence provides program guidance, and launch schedule data, for the development of resource requirements and related cost estimates for the FY 1973 Financial Program, FY 1974 Budget, and FY 1975 thru 1978 Planning as applicable. As such, they do not constitute schedule or program approval. CIA is authorized to submit, in addition to the estimates required herein, alternative program and cost estimates as deemed appropriate.

B. The CIA FY 1973 Financial Program Recommendations are to be submitted in one complete copy each for the DDNRO, NRO Comptroller, and NRO Staff by not later than May 1, 1972.

C. The CIA FY 1974 Budget Recommendations are to be submitted to the same recipients by not later than May 15, 1972. At CIA choice, both the FY 1973 and 1974 estimates may be submitted in one package by May 1, 1972.

D. The CIA FY 1975 thru 1978 Planning Recommendations, to the extent required in subsequent instructions, are to be submitted to the same recipients by not later than May 29, 1972.

E. Project details are to be furnished on a line item basis, in accordance with prior practice. No requirements are to be reflected in line items which are not properly chargeable to that line item.

The aircraft and support programs chargeable to Aircraft Procurement are subject to full funding.

G. Congress has established new rules for the FY 1973 RDT&E budgets, which would have to be considered as applicable to "incremental" funding in any NRP appropriation. The OSD interpretation is that the budget and funding should be based on funds required for obligation during the applicable year to cover the costs of twelve-month increments of project effort. In the case of the NRP, this is further interpreted that:

1. Funds should not be requested in any fiscal year that are not expected to be obligated in that fiscal year.

2. Funds should not be requested generally which would cover more than 12 months of effort. The 12 months would start from the contractor's initiation of performance against the specific obligation. Depending on contract timing, the 12 months might not start until late in the fiscal year. There may be exceptions to the 12 months considerations in relation to hardware procurements where multi-year contracts apply, or to system development in similar circumstances.

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3. Any unobligated balances at 30 June 1972 will be subject to individual examination, and may be subject to withdrawal from FY 1972 approval.

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H. OSD has provided revised factors for economic escalation, and the following are to apply where escalation factors are used:

1. FY 1973 submissions are to be based on expected FY 1973 prices.

2. Factors for FY 1974 thru 1978, in relation to an FY 1973 base are: (Percent increase)

RDT&E

Procurement

FY 1974
FY 1975
FY 1976
FY 1977
FY 1978

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These factors should be used on a reasonably-selective basis, rather than across-the-board. Also, economic escalation as applicable is to be included in each line item, rather than subject to separate identification.

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U-2 Aircraft - General: (CIA and Director D)

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A. Plans are being formulated for the transfer of U-2 aircraft to the regular Air Force. However, the NRP FY 1973 Budget includes funds for support of all aircraft, and it is expected that the NRP will fund and contract for U-2 support in FY 1973 as previously, even if operational responsibility is transferred on or after 1 July 72. Therefore, the FY 1973 financial program recommendations are to be developed and submitted as if there were no transfer considerations, with the exception that the Idealist/Senior Year Common account will be the estimating responsibility of Director D rather than CIA. The FY 1974 Budget recommendations will involve the same approach from the standpoint of field submissions, altho it is expected that a portion of the costs will transfer from the NRP budget to the Air Force.

B. For cost estimating purposes, it will be assumed that 4 U-2R's will be assigned to the CIA fleet, and 7 U-2R's to the Air Force. The Air Force will be responsible for U-2 support [redacted] plus required SEA photographic missions, and if applicable to U-2's, Cuban coverage. [redacted] support may also be involved. CIA and Director D are to propose, and include in the cost estimates, U-2 C/G flying as appropriate to the preceding responsibilities. At the present time, approval has not been granted to equip and deploy U-2 C/Gs [redacted]. If approval is given to proceed by the time the cost estimates are formulated, Director D will be responsible for the cost estimate recommendations, to be submitted separately, reflecting additive costs involved by U-2 account and line item. AFSC will continue to fly 3 U-2 A/D/F's.

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IDEALIST: (CIA)

A. Idealist cost recommendations are to be on the basis of four U-2R's assigned, and U-2C/G's flying, as they may be recommended by CIA.

B. Submit a table of flying hours (broken down between operations, ferry, test and training by Detachment) by tail number aircraft, as actually accomplished in each quarter of FY 1971, the first three quarters of FY 1972, and as forecast for the last quarter of FY 1972. For FY 1973 and 1974, provide forecast flying hours by quarter, any aircraft out for IRAN, etc., again distinguishing between operational, ferry, test and training hours by U-2R and U-2C/G; these need not be by tail number. Explain planned U-2C/G utilization in FY 1973 and 1974.

C. F.Y. 1973 Financial Program Recommendations:

1. The costs to be submitted under this account are to be arranged under headings of Airframe Support, Airborne Electronics Support, Pilot Salaries and Benefits, Construction Maintenance, Operations and Maintenance, Field Service Support, and any other categories related to Idealist peculiar support.

2. Under these headings, submit usual line item detail, being certain to submit not only the line item costs, but also numbers or explanations as appropriate (numbers of field service personnel by contractor, reasons for significant changes from FY 1972 funding, etc.). In this connection, FY 1972 approvals were on the basis of supporting 5 U-2R aircraft, while FY 1973 will be on the basis of supporting 4; therefore, some reductions should be expected. If not, specifically explain.

D. F.Y. 1974 Budget Recommendations:

Submit in similar detail as for the FY 1973 Financial Program.

E. F.Y. 1975 thru 1978 Planning Recommendations:

No submission is required unless CIA-OSA considers that costs in any of these years would be significantly different from FY 1974. The NRO Comptroller will cover economic escalation considerations.

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A. F.Y. 1973 Financial Program Recommendations:

1. Submit line item costs on the basis of "Maintenance" of existing equipment only.

2. In the event that additional development and/or investment is considered mandatory, submit comprehensive data, including requirements, proposed schedules, cost details, reasons for mandatory need, and any other pertinent information. If additional operating costs are also involved, specifically identify the costs.

B. F.Y. 1974 Budget Recommendations:

Submit in a similar manner as for the FY 1973 Financial Program.

C. F.Y. 1975 thru 1978 Planning Recommendations:

No submission is required unless CIA proposes additional development and/or investment in this time period.

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U-2R INVESTMENT: (CIA and Director D)

A. No provision was made in the FY 1973 Budget nor in any subsequent fiscal year for U-2R Investment costs. This does not prevent submission for the FY 1973 Financial Program nor the FY 1974 Budget for new or replacement equipments as deemed mandatory by CIA or Director D. However, the anticipated transfer of a portion of the U-2 Fleet raises certain questions as to responsibility for determining mandatory changes and for funding.

B. If either CIA or Director D proposes U-2R Investment projects for FY 1973 or 1974, the projects must be supported by meaningful data, such as the requirements basis, proposed schedules for contracting and delivery, cost details, reasons for mandatory need, the basis for quantities requested, operating cost considerations, and any other pertinent information. Fiscal year estimates are to be on a full funding basis.

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General R&D (Aircraft) (CIA)

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A. The Nov 71 Ex Com established a [] total for this account for FY 1973 and 1974, to cover both CIA and Director D requirements.

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B. This account is limited to R&D for aircraft. No recommendations for satellite R&D are to be submitted under this account. In this connection, there was a question for FY 1972 funding on the [] entry, which may be reconsidered for FY73/74 if it can be demonstrated that this effort is principally for the benefit of the satellite programs. Accordingly, [] will be subject to special consideration.

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C. F.Y. 1973 Financial Program Recommendations:

1. Submit line item recommendations with comprehensive justification. Arrange in priority order, with the basic submission not to exceed [] excluding [] (altho the latter is to be submitted under this account, with reasons why it should move to Satellite Applied Research). An addendum additional request may be submitted at Agency option.

2. For any line items, specifically distinguish between those which are continuations of FY 1972 or prior approved efforts and those which are new proposals. In both cases, identify FY 1974 and subsequent year follow-on costs to completion for the effort, if appropriate.

3. Specifically identify line items which are U-2 related, and any possible existing equipment modifications which may result from the proposed R&D.

D. F.Y. 1974 Budget Recommendations:

Submit line item recommendations in a similar manner as for FY 1973, and within the same dollar constraints for the basic budget. Addendum additional requests may be submitted at Agency option.

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